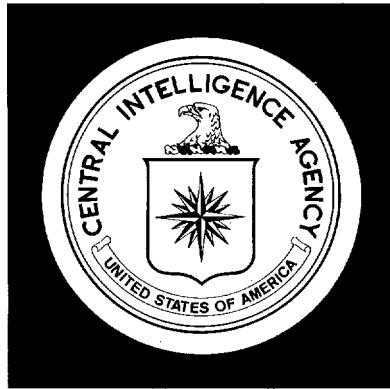
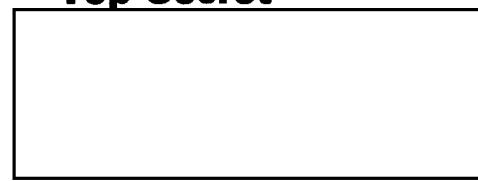


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ARAB STATES - ISRAEL: Tensions appeared to have eased somewhat on the battlefronts yesterday as the Arabs turned their attention to the summit conference in Algiers.

The Egyptians and Israelis met at Kilometer 101 again yesterday to discuss disengagement, and again reached no agreement. A UN spokesman described the session as "good," however, and another is scheduled for tomorrow. Their failure to meet today is probably caused less by disagreement than by the absence of President Sadat and his chief foreign policy advisers who are at the Arab summit conference.

Cairo and Tel Aviv both reported minor cease-fire violations yesterday. These consisted primarily of small arms fire along the Suez Canal, although Cairo radio referred briefly to "clashes in which heavy artillery and rockets were used."

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A Red Cross official and diplomatic contacts of the US Interests Section in Cairo have reported that the Egyptian Third Army is being resupplied by sea. There is no other information to corroborate these reports. In Israel, Trade and Industry Minister Haim Bar-Lev indicated last night that Egypt has lifted its blockade of the Bab al-Mandab Strait. According to press reports, Bar-Lev, when questioned on the blockade at a public meeting, replied that the land, sea, and air cease-fire was being fully observed.

* * * *

Last night's opening session of the Arab summit in Algiers featured speeches by Arab League Secretary General Riad, who outlined general Arab objectives, and by Algeria's President Boumediene, who

Called for continuing the battle against Israel until the occupied territories are evacuated and the rights of the Palestinians secured. Preliminary indications are that the final communiqué will be more moderate than Boumediene's opening speech or the proposals for a tougher oil embargo and renewed hostilities debated by the foreign ministers in their preparatory meetings.

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[REDACTED] According to press reports, Egypt and Syria have strongly affirmed their commitment to try for a negotiated settlement, and they are being permitted to set the tone of the conference. Those favoring a more militant position reportedly have decided to sit back and wait for the collapse of diplomatic efforts before taking further action.

The most serious problem facing the conferees is the Jordanian-fedayeen dispute over the representation of Palestinian interests.

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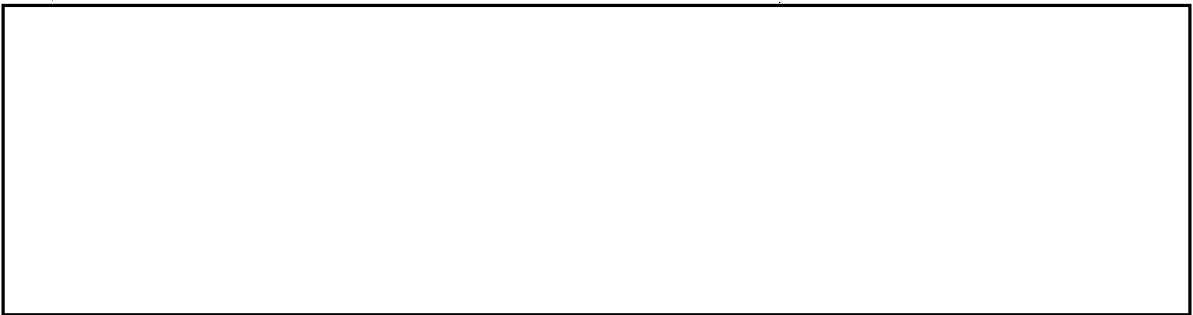
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[REDACTED]

According to Amman radio, the foreign ministers were told that Jordan would not take part in any future peace talks if such a resolution were adopted. This strong Jordanian opposition undoubtedly was a factor in the wording of the ministers' final resolution, which merely recognized the PLO's status as "representative of the Palestinians."

Another factor contributing to the softened resolution may have been the guarded reception PLO leader Yasir Arafat received during his visit to the Soviet Union last week. In a TASS statement issued yesterday, Moscow made its first formal note of the [REDACTED]

PLO visit. The statement contained only generalized assurances of Soviet support for the Palestinian cause, and stressed the "unofficial" nature of the visit. This treatment is in line with earlier indications that Moscow is taking a cautious approach to the complex Palestinian issue until the Palestinians themselves and the Arab governments come up with a unified policy.



Prime Minister Meir announced yesterday that Israel would be willing to give up two fortified positions on Mount Hermon, in Syrian territory, if Damascus would agree to a prisoner exchange. The issue of a POW exchange with Syria is a particularly delicate one in Israel; the government will be under fire from its domestic opponents until the prisoners are returned.

In the expectation that Mrs. Meir will ask Labor Party leaders for a vote of confidence tomorrow, the Israeli press is heightening its call for the government to define clearly its policies. The newspaper Maariv, for example, has asked "who speaks for the government; the defense minister who says that we are at the beginning of a war, or the foreign minister, who sees in the Geneva Conference a good chance for a peace agreement?" In response to such public pressures and as a result of calls for her replacement from critics within the party, Mrs. Meir has called for a policy debate in the party's central committee.



JAPAN - ARAB STATES: In response to Tokyo's pro-Arab statement on 22 November, the Arabs have exempted Japan from the scheduled 5-percent cutback in oil shipments next month. Saudi Arabia's Foreign Minister told US officials that Japan will receive the same treatment as most of the European Community states, but has not gained the status of a "friendly nation." Reports on the Arab oil ministers' meeting in Vienna on 24 November by a respected economic journal published in Beirut suggest that Japan will have to take a much stronger pro-Arab stand by the end of December or face a greater than 5-percent cut in oil supplies in January.

If, in fact, the Arabs are using such a carrot and stick approach toward Japan, their chances for success are relatively good. To cope with supply cutbacks, the government already has ordered a 10-percent reduction in oil and electric power consumption in all major industries by the end of December and plans a further 5-percent cut during January-March. The industries that will be hit hardest--including steel, transport equipment, and chemicals--account for about two thirds of total industrial output, and a sizable drop in production is likely to occur during the first quarter of 1974.

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GREECE: Athens appeared to be returning to normal yesterday, less than 24 hours after the early dawn coup of 25 November. Tanks and troops were being withdrawn, the curfew was lifted, and all schools except those of higher learning were open. Indications are that the new regime is firmly in place and enjoys the support of the armed forces. Prime Minister Androutsopoulos is scheduled to present the new government's policy statement on Wednesday.

Brigadier General Dimitrios Ioannidis, who master-minded Sunday's military coup, continues to consolidate his control from behind the scenes. Several more generals and security officials were forced out yesterday, presumably because they opposed the ouster of President Papadopoulos or were otherwise suspected of being disloyal to the new military-backed government. Earlier, three of the four military chiefs in the high command were replaced.

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The new cabinet, which was apparently hand-picked by Ioannidis, is unimpressive. It includes several members of earlier governments under Papadopoulos, two former politicians, and some retired generals. The relatively unknown General Gizikis, who is now President, may be holding that post temporarily until some figure of national prominence agrees to take the position, possibly Ioannidis himself. In general, the political orientation of the government is rightist.

Ioannidis has long been regarded as one of the more likely potential challengers to Papadopoulos. Ioannidis and other revolutionary officers who helped the ex-president to power have been concerned that

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Papadopoulos would displace them, and expose Greece to leftist-inspired political chaos, which is how they have viewed last week's worker-student demonstrations. Ioannidis and his supporters seized upon the demonstrations as confirmation of their belief that Greece was not ready for elections and as justification for their move to oust Papadopoulos. Other factors leading them to move probably included the waning personal prestige of Papadopoulos, general discontent over soaring prices, and the dissatisfaction of various military leaders--including Ioannides, who Papadopoulos had repeatedly tried to transfer out of Athens--with their personal prospects.

The new government has declared the present constitution unworkable, allegedly because it gives the president so much power that civilian politicians were unwilling to cooperate; it has promised to begin the lengthy process of drafting a new constitution. In a further gesture of conciliation, the government released the three politicians who had been placed under house arrest last week because of their opposition to the Papadopoulos government. Ioannidis has warned the press, however, that it must practice "self-censorship" and that the present government will not tolerate criticism, either in news columns or in cartoons.

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Greece received its first setback on the international front, following the suppression of the student-led uprising and the latest coup, when an)

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Official of the Common Market Executive Commission officially informed the Greek Government on Monday that its associate membership could only be developed further when democratic institutions were re-established.

Athens press coverage has been restrained; the papers were cautious both in censuring Papadopoulos and in praising the new military government. The US consul in Thessaloniki reports a public reaction of relief and cautious approval. The Cyprus press, however, views the coup as "inopportune and unpleasant". and there were demonstrations in Nicosia. The Soviet press has taken a negative view of the coup.

The new government faces the same problems as the old one--questions of order, political freedom, and economic stability and growth.

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SOUTH VIETNAM: In the past month Saigon has undertaken the most extensive shakeup at the intermediate level of the government and military hierarchy in recent years. One military region commander, several regional staff officers, five new division commanders, and six new province chiefs have been appointed, according to the US Embassy. The most recent shifts involve the province chiefs for Sa Dec, Phong Dinh, Hau Nghia, and Tay Ninh, and a new deputy commander and chief of staff in Military Region 4. At least two more changes in province chiefs--in Binh Duong and Binh Long--are being considered.

President Thieu clearly is disappointed with the performance of officials in several areas, particularly by their lack of aggressiveness. Most of the changes, for example, have taken place in the key region north of Saigon where the government has been unable to recapture significant territory or reduce the Communist threat substantially. Other changes, such as those in the delta and in the highlands, have been the result of the Communists' military success in eroding the government's holdings in these areas. [redacted]

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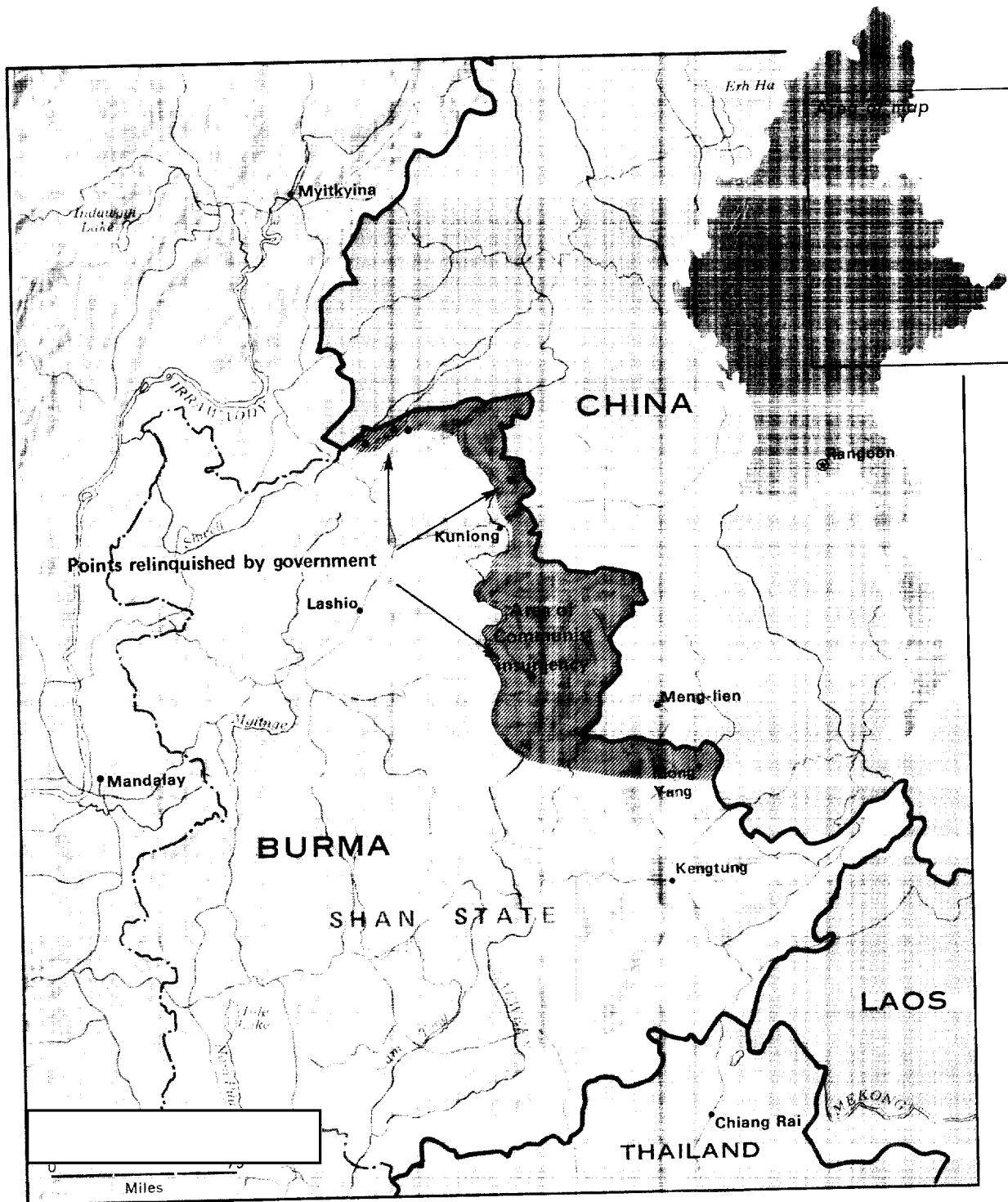
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BURMA: The Burmese Army has ended its offensive against Communist insurgents in the northern Shan State in order to concentrate on the serious situation in the Kengtung area.

The army has withdrawn from positions close to the Chinese border in northern Shan State that were seized in the first half of November, claiming that it had never intended to hold these gains. According to the Burmese, the foray into the border area was intended to serve notice on the insurgents and their Chinese mentors that Rangoon has not ceded this territory even though the Communists have controlled it for several years. Although army morale was buoyed by the operation, the military leadership believes the relative weakness of Communist opposition is an indication that the bulk of Communist forces had been moved south to the Kengtung region.

All available army troops are being sent to check Communist advances around Kengtung. Although the Burmese remain optimistic about their chances at Kengtung, units of the Communist force of some 5,000 are penetrating as close as 15 miles to this regional administrative center. It is not clear that the Communist objective is to take Kengtung, but the insurgents do hope to cut its already tenuous road link to the remainder of Burma. Heavy rains and temporary shortages of ammunition have complicated Burmese efforts, but army operations are continuing.

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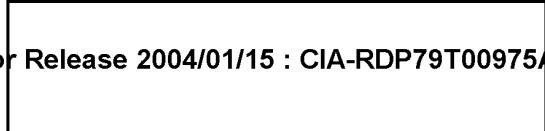


UK: The deadlocked dispute between the government and the coal miners threatens to add to Britain's already growing energy problems.

Despite the government's Stage III guidelines that limit wage increases to an average of 7 percent annually, the miners' executive committee last week unanimously rejected the latest National Coal Board wage package which would have increased wages and fringe benefits by 16 percent. The US Embassy was informed that the executive committee did not vote on submitting the government's latest offer to the rank and file, and the next meeting of the committee is scheduled to be held on 13 December. The executive committee, which is narrowly dominated by militant leftists, wants to postpone the vote to allow tensions and militancy among the miners to increase. In any event, the process of balloting the miners would take three weeks.

In a television address last week Prime Minister Heath said the miners, by their decision, were confronting not only the government but the elected representatives of the people in Parliament. He pointed out that the situation today is quite different from the dispute in early 1972 because there are now statutory wage and price controls. These counterinflation measures, which Heath wants to preserve and the miners want to abolish, are at the heart of the current confrontation. Heath cannot afford to give in to the miners because this would encourage other unions to make similar demands which would unravel his anti-inflationary program. His economic policies were tested in Parliament early last week when the opposition Labor Party brought a motion of censure against the government that failed by 18 votes.

Meanwhile, British energy problems are getting worse. Because of the miners' refusal to work overtime and the consequent lack of maintenance and safety work in the mines, coal production has declined by as much as 40 percent. Press reports indicate that oil stocks have fallen to a 64-day



supply; at the beginning of the crisis the stocks were estimated to be enough for 79 days. In addition, electric power workers probably will continue their overtime ban until the miners settle their dispute.

All of these difficulties have given rise to rumors that Heath will call a snap election in a showdown with the miners. The poor showing by both the ruling Tories and the opposition Labor Party in recent by-elections and in public opinion polls, however, suggests that neither party would be anxious for an election to be called now.

The only encouraging note in the two-week-long dispute is that the moderate head of the miners' union is trying to arrange a meeting between the executive committee and Prime Minister Heath sometime this week.

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